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IAAPA ATTRACTIONS EXPO 2015

Conference: Nov. 16-20, 2015 • Trade Show: Nov. 17-20, 2015

Orange County Convention Center • Orlando, Florida, USA

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FEC Management of Profit and Loss

Kyle Allison, ICAL

Gregg Borman, ICAE

Christine Buhr

November 19, 2015



TODAY'S AGENDA

12pm-1pm – Christine Buhr – **Getting Started**–
How to organize and focus your business to run profitably and meet your targets

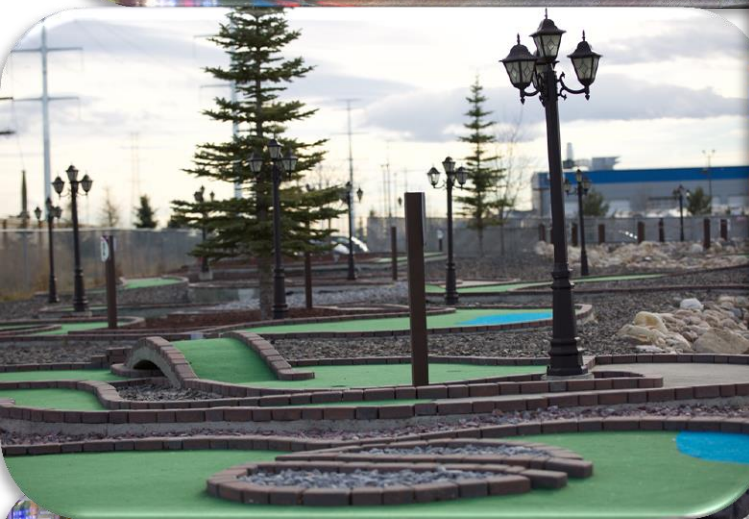
1pm – 2pm – Greg Borman and Kyle Allison – **See the results** -Importance of the P & L, how it's useful and tips to use it effectively



How to Focus your business to get the results you want!

Christine Buhr
November 19, 2015





Bringing the Dream Back to Small Business Worldwide!

START

HOW GREAT LEADERS INSPIRE
EVERYONE TO TAKE ACTION

WITH

SIMON SING

WH

Mastering the Rockefeller

SCALING

How a Few Companies
Make It...and Why
the Rest Don't

PEOPLE
STRATEGY
EXECUTION

Verne Harnish
and the team at Gazelles

NEW YORK TIMES BEST-SELLER

The FIVE DYSFUNCTIONS of a TEAM

A LEADERSHIP FABLE



PATRICK LENCIONI

AUTHOR OF THE NATIONAL BEST-SELLER *THE ADVANTAGE*

"This book is a must for any business owner and their
management team. *TRACTION* provides a powerful, practical,
for running your business."

AN SULLIVAN

FOUNDER, THE STRATEGIC COACH

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#1 BESTSELLER
THREE MILLION COPIES SOLD

Why Some Companies
Make the Leap...
and Others Don't

GOOD TO GREAT

JIM COLLINS

Cosauthor of the bestselling
BUILT TO LAST

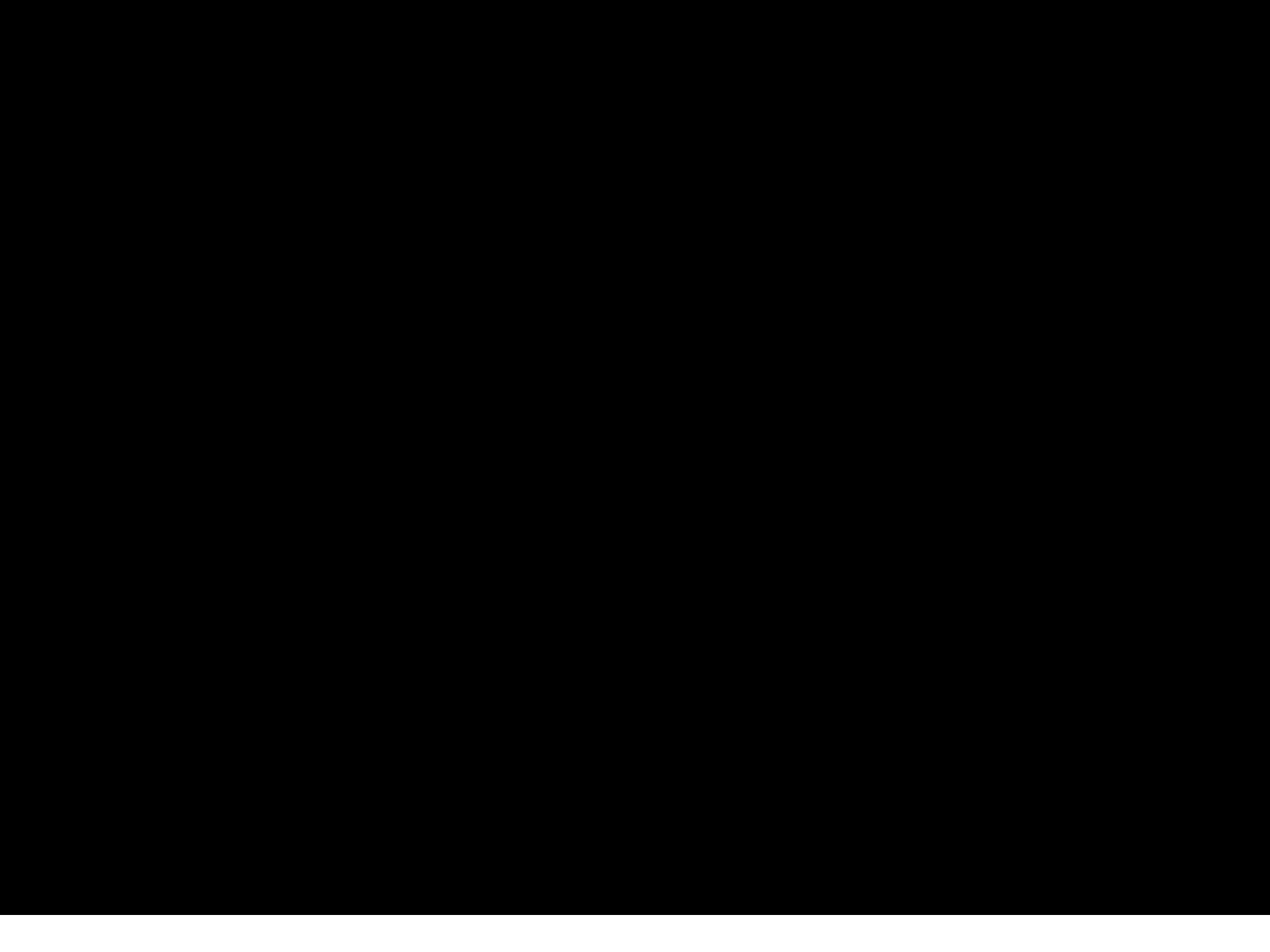
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IAAPA ATTRACTIONS EXPO 2015

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IAAPA
Attractions
Expo

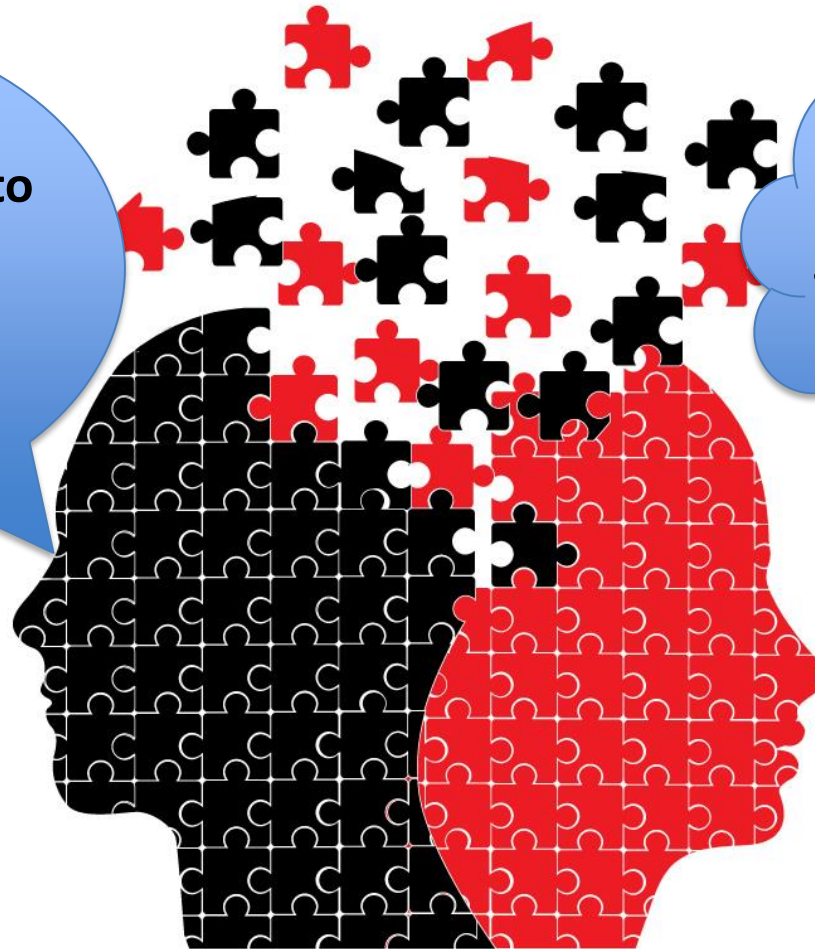




What do you mean....You can't read my mind?

OK!! We are going to do this, this and this.....

I'm not exactly sure what she wants so I will just do what I think is best!



THE VISION/TRACTION ORGANIZED™

CORE VALUES	1. Robust 2. Dynamic 3. Driven to Excel 4. Takes Ownership 5. Gezelligheid	3-YEAR PICTURE™
CORE FOCUS™	Purpose/Cause/Passion: Create a place where everyone feels they belong! Our Niche: Fun place for all	Future Date: 12/31/2019 Revenue: \$ 9 million Profit: 25% Measurables: What does it look like?
10-YEAR TARGET™	6 Locations in Western Canada, 2 in Calgary, 2 in Vancouver, Edmonton and Saskatchewan \$18-\$20 million dollars organization, with 150+ employees.	3 Centers (2 open all year, 1 opening late 2019)
MARKETING STRATEGY	Target Market/"The List": 1. Families with children age 5 to 18 2. Businesses that host events for their staff 3. Groups that participate in activities together Three Uniques: We are FUN, We offer a variety of things to do, We take care of our customers Proven Process: 1. Sales Process 2. Service delivery process	# of Employees-60 Integrator established at the corporate Centralized Sales Team (5 people) 1 Central Marketing Departmental Head

1-YEAR PLAN	ROCKS	ISSUES LIST																																		
<p>Future Date: 12/31/16 Revenue: \$1,900,000 Profit: 17% Measurables:</p> <p>Goals for the Year:</p> <table><tr><td>1.</td><td>Meet 2016 Budget</td></tr><tr><td>2.</td><td>Increase AP to \$300,000</td></tr><tr><td>3.</td><td>Meet % for total BD Parties</td></tr><tr><td>4.</td><td>Meet % for Groups</td></tr><tr><td>5.</td><td>Processes Documented and FBA</td></tr><tr><td>6.</td><td>Documented Marketing Strategy FBA</td></tr><tr><td>7.</td><td>Documented sales strategy FBA</td></tr></table>	1.	Meet 2016 Budget	2.	Increase AP to \$300,000	3.	Meet % for total BD Parties	4.	Meet % for Groups	5.	Processes Documented and FBA	6.	Documented Marketing Strategy FBA	7.	Documented sales strategy FBA	<p>SEE SCORECARD FOR DETAILS</p>	<table><tr><td>1.</td><td>Do we have the right people in the right seats to grow</td></tr><tr><td>2.</td><td>Is our sales team big enough</td></tr><tr><td>3.</td><td>We are in a recession</td></tr><tr><td>4.</td><td>Are people doing the right jobs</td></tr><tr><td>5.</td><td>Are tasks being prioritized</td></tr><tr><td>6.</td><td>Are processes being FBA</td></tr><tr><td>7.</td><td></td></tr><tr><td>8.</td><td></td></tr><tr><td>9.</td><td></td></tr><tr><td>10.</td><td></td></tr></table>	1.	Do we have the right people in the right seats to grow	2.	Is our sales team big enough	3.	We are in a recession	4.	Are people doing the right jobs	5.	Are tasks being prioritized	6.	Are processes being FBA	7.		8.		9.		10.	
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Our CORE Values

DRIVEN TO EXCEL
GEZELLIGHEID
DYNAMIC

ROBUST

TAKES OWNERSHIP



Core Focus

Purpose/Cause/Passion:

Create a place where everyone feels they belong

Our Niche:

Fun place for all



BHAG 10 year plan

6 Locations in Western Canada:

2 in Calgary,

2 in Vancouver

Edmonton

Saskatchewan

\$18-\$20 million dollars organization

150+ employees



Marketing Strategy

Target Market/“The List”:

1. Families with children age 5 to 18
2. Businesses that host events for their staff
3. Groups that participate in activities together

Three Uniques:

We are FUN

We offer a variety of things to do

We take care of our customers

Proven Process:

1. Sales Process
2. Service delivery process

Guarantee:

You will have FUN



3 Year Picture

Future Date: 12/31/2019

Revenue: \$ 9 million

Profit: 25%

Measurables: What does it look like?

3 Centers (2 open all year, 1 opening late 2019)

of Employees-60

Integrator established at the corporate

Centralized Sales Team (5 people)

1 Central Marketing Departmental Head



1 Year Plan

Future Date: 12/31/2016

Revenue: \$ 1,9 million

Profit: 17%

Goals for the year:

- 1. Meet 2016 Budget**
- 2. Increase AP to \$300,000**
- 3. Meet % for total BD parties**
- 4. Meet % for Group**
- 5. Processes documented and FBA**
- 6. Documented Marketing Strategy FBA**
- 7. Documented Sales Strategy FBA**



ROCKS

Name	Rocks
Christine	<i>Rocks are your big goals that need to get accomplished this quarter - end December</i> Signage Updates New Logo through Facility Marketing Strategy 2016 Renovations strategy 2016 Traction VTO completed/updated for 2016 Let's bowl Purchase Agreement in Place Additional of new Attraction Complete
Alex	<i>Rocks are your big goals that need to get accomplished this quarter - end December</i> Sales strategy 2016 complete Event Calendar Updated for 2016 Review sales budget and create strategy to achieve goals New sales video Created Infusion Soft Roll out
Paul	<i>Rocks are your big goals that need to get accomplished this quarter - end December</i> Implement NEW incentive program Update Process manual Hire and train new manager Research Customer Loyalty program Break profitability into each attraction

Issues

What is going to get in the way of us achieving our goals?

Potential Issues:

1. Do we have the right people in the right seats to grow?
2. Is our sales team big enough?
3. We are in a recession in Alberta
4. Are tasks being prioritized?
5. Are the processes being followed by all?
6. Marketing objectives slowed by using outside company





ScoreCard



ROCKS 13 week plan

Level 10 Meeting Agenda

Segue: How is everyone doing? Personal/Professional Updates?	5 Min
Scorecard Review	5 Min
Rock Review	5 Min
Customer/Employee Issues	3 Min
Review To-Do-List	5 Min
Identify, Discuss and Solve Issues	60 Min
Conclude	3 Min
Recap To-Do list	2 Min
Rating (1 - 10)	2 Min
TOTAL 90 Min	



G to L10

[sheet2file:///localhost/Users/christinebuhrAir/Desktop/L10 Meeting sheet for Presentation.xlsx](file:///localhost/Users/christinebuhrAir/Desktop/L10%20Meeting%20sheet%20for%20Presentation.xlsx)



Benefits of using this system?

Accountability – Things are getting done right and on time

Cohesive Team – Everyone is working together and wants everyone on the team to be successful

Wins Every Week – Every Day, because we are focused on improving the same team

Peace of Mind – I know what everyone is doing without micromanaging all the time – they manage themselves

Adapt to market - My chance to keep the business on track and react quickly to problems before they become BIG problems

This whole process is helping my business grow!



See the Results! How to use your P & L Effectively.

**Greg Borman
Kyle Allison**

November 19, 2015



Income Statement - Why is it Important? *

- If you want to improve operations, sell your park or refinance to grow – you must have an income statement that easily shows how well the park is doing.
- Without it, how would you know where your trouble areas might be?
- In addition, you will not get the best offer when selling or seeking funding to grow.

Understanding a Company's Profits and Losses from Its Income Statement

The income statement (also known as the profit-and-loss or P&L statement) details all of the company's revenues and expenses — how much the company receives in sales and how much the company spends to make those sales. After all the additions and subtractions, the final tally tells you whether the company earned a profit or suffered a loss and how much. The income statement contains the fundamental equation for every business: $\text{Sales} - \text{Expenses} = \text{Net Income}$



FEC USA
Profit & Loss Overview
January to December Year End

	Actual 2015	% of Total Rev.	Actual 2014	% of Total Rev.	Variance	
Arcade	\$175,000	28.8%	\$147,500	29.2%	\$27,500	18.6% \$175K in new games
Batting Cages	\$50,000	4.1%	\$99,000	3.9%	\$51,000	25.6% Price increase & ball reduction
Bowling	\$45,000	12.3%	\$00,000	13.9%	\$45,000	6.4% Poor weather early in year helped
Bumper Boats	\$28,000	2.1%	\$25,000	2.5%	\$3,000	2.4%
Bumper Cars	\$85,000	0.6%	\$50,000	1.0%	\$(15,000)	-30.0% Difficulty keeping fleet operational
Golf Karts	\$689,000	11.3%	\$75,250	11.4%	\$113,750	19.8% Added 10 new doubles to increase throughput
Golf-Driving Range	\$0	0.0%	\$0	0.0%	\$0	-
Miniature Golf	\$75,000	14.4%	\$45,000	14.8%	\$130,000	17.4% Reduction in discounts & \$50K upgrade
Rock Wall	\$5,000	1.2%	\$5,000	1.5%	\$0	0.0%
Laser Tag	\$75,000	2.9%	\$15,000	2.3%	\$60,000	52.2% New arena & equipment
Other Revenue	\$0	0.0%	\$0	0.0%	\$0	-
Parties & Group Sales	\$75,000	11.1%	\$35,000	12.6%	\$40,000	6.3% increase price & maxed out on space
Rental Income / Buy Outs	\$2,500	0.5%	\$5,000	0.3%	\$17,500	116.7% had 1 more grand night
Other Rev. & Sales Depts.	\$0	0.0%	\$0	0.0%	\$0	-
F&B SALES	\$80,000	14.5%	\$99,000	15.8%	\$81,000	10.1% Added Beer & Wine
F&B Other (vending-sponsorships-etc.)	\$15,000	1.9%	\$10,000	2.2%	\$5,000	4.5% vendor sponsorship for using product
Misc. Revenue	\$0	0.0%	\$0	0.0%	\$0	-
Discounts (promo & manager)	\$(350,000)		\$(575,000)		\$225,000	-39.1% Eliminated coupons and protected price matrix
Total Revenue	\$1,074,500	100.0%	\$1,043,250	100.0%	\$1,031,250	20.4%
Food & Beverage Costs	\$98,500	4.9%	\$72,700	5.4%	\$25,800	9.5% maintained 30% F&B cost on increased revenue
Attraction Supplies	\$94,843	6.5%	\$63,114	7.2%	\$31,728	8.7% even with increased traffic & reduced costs through better buying
Parties & Group Supplies	\$0,750	1.2%	\$7,500	1.9%	\$(26,750)	-27.4% Varies based on contracted outside needs.
Payroll & Employee Wages	\$822,350	30.0%	\$487,759	29.5%	\$334,591	22.5% Revenue increase and slight % increase in labor
Contracted Labor	\$2,000	1.2%	\$5,000	0.7%	\$37,000	105.7% Outside landscapers, janitorial, outside security etc.
Repairs & Maintenance	\$25,215	7.0%	\$504,325	10.0%	\$(79,110)	-15.7% with new equipment R&M is reduced the first two years.
Utilities (Elec, Gas, Water)	\$507,450	10.0%	\$504,325	10.0%	\$103,125	20.4%
Marketing & Advertising	\$82,235	3.0%	\$91,644	3.8%	\$(9,409)	-4.9% got away from radio & cable and focused on digital SEO & SEM
Rent / Mortgage	\$62,350	12.6%	\$32,928	12.6%	\$129,422	20.4% Percentage rent or refinanced property to reinvest equity into equipment
Taxes & Property	\$42,980	4.0%	\$1,730	4.0%	\$41,250	20.4%
Insurance	\$507,450	10.0%	\$504,325	10.0%	\$103,125	20.4%
Other Expense Items	\$25,000	2.1%	\$00,000	2.0%	\$25,000	25.0% More people on benefits, more incidents with higher volume etc. Could be charged backs, payroll services, banking fees etc. etc.
Expense	\$1,312,622	87.5%	\$1,622,649	91.7%	\$689,973	14.9%
Income (EBITDA)	\$1,61,878	12.5%	\$1,20,601	8.3%	\$341,277	81.1%
						12.5% margin is not good we look for a minimum 35% flow through Million \$ increase should see at least 50% drop to Net Income

P&L Revenue Lines should be detailed for each Profit Center

General Income

40000 - Admissions
40001 - Admissions - Internet
40002 - Admissions - Season Pass
40008 - Gift Certificates - Redeemed
40007 - Gift Certificates - Sold
40009 - Unlimited Attraction Pass

Total – General Revenue

Attractions Income

41007 - Batting Cages
41009 - Buccaneer Cove
41010 - Bumper Boats
41012 - Bumper Cars
41029 - Flamethrower
41014 - Golf Courses
41006 - Grand Prix
41030 - Kiddie Big Top
41016 - Laser Tag
41019 - Rollercoaster
41027 - Sidewinder
41005 - Slick Racing
41021 - The Wall
41003 - Top Eliminator Racing
41002 - Track - Lil Thunder/Tiny Tots
41000 - Track - Thunder Road/Sprint
41004 - Turbo Trax Racing
41018 - VIP Card
41025 - Vertical Accelerator
41024 - Whirly Bird

Total – Attractions Revenue

Arcade Income

42000 - Arcade - Park Owned
42007 - Arcade/Games - Vendor Share
42002 - Game Card Revenue
42003 - Games of Skill
42004 - Group and Birthday Tokens
42006 - Merchandiser Games
42005 - Redemption Games
42008 - Unlimited Video Games Pass

Total – Arcade Revenue

Groups/Birthday Income

44000 - Birthday - Admissions
44002 - Birthday - Arcade
44001 - Birthday - Attractions
44006 - Birthday - Food & Beverage
44500 - Fundraisers
43000 - Group - Admissions
43002 - Group - Arcade
43001 - Group - Attractions
43010 - Group - Consignments

Total - Groups/Birthday

F&B Income

44003 - Birthday - Food & Beverage
45002 - Beer/Wine/Alcohol
45003 - Catering
45007 - F&B - Franchise
45004 - F&B - Tax Exempt
45006 - F&B - Vendor Share
45001 - F&B Carts
45000 - Snack Bar/Restaurant/Beverage
45005 - Vending Machine - Company Owned
43003 - Group - Food & Beverage
43006 - Group - Food & Beverage - Tax Exempt

Total - Food & Beverage

Retail/Other Income

47000 - Cash (Over)/Short
46009 - ATM/Pay Phone/Other Commissions
46007 - Barter Revenue
46012 - Discounts & Allowances
46010 - Guest Refunds
46001 - Lockers
46000 - Merchandise - Park Owned
46005 - Merchandise - Vendor Share
46011 - Misc Income
46006 - Other - Vendor Share
46003 - Other Rentals
46008 - Photo/Kodak Commissions
Total - Retail/Other

Total – Park Revenue



On a detailed P&L always segregate Cost of Goods Sold

- **Food and Beverage** (Break out Alcohol sales & costs as a subset)
- **Merchandise Sales** (Should never run higher than 35-40% of Merch. Rev)
- **Redemption Prizes** (Show rebates as a credit) If on a card system, separate Merch. Games COGS from Redemption Counter COGS.
- **Group Sales / Birthday Sales** (Food portion can be combined with F&B)
- Weekly inventories are important to effectively monitor and control COGS. You cannot identify theft, pricing issues, and excessive waste, if you are not inventorying weekly.
- McDonalds and most QSRs do daily inventories of at least higher cost items.



Establish a Series of Line Item Expenses

Cost Of Sales

Cost of Sales - F&B

53500 - Cost of Sales - Alcohol

53000 - Cost of Sales - Food & Beverage

53200 - F&B - Sponsorships/Rebates (CREDIT)

Total - Cost of Sales - F&B

% F&B Revenue

Cost of Sales - Arcade

52500 - Cost of Sales - Arcade Merchandiser

52000 - Cost of Sales - Arcade Redemption

Total - Cost of Sales - Arcade

% Arcade Revenue

Cost of Sales - Groups/Birthday

54000 - Cost of Sales - Groups/Birthday

Total - Cost of Sales - Groups/Birthday

% Groups/Birthday Revenue

Cost of Sales - Retail/Other

56000 - Cost of Sales - Other

55000 - Retail Merchandise

55200 - Retail Sponsorships/Rebates (CREDIT)

Total - Cost of Sales - Retail/Other

% Retail/Other Income

Total - Cost of Sales

GROSS PROFIT

Gross Profit = Revenue minus Total Cost of Sales

Gross Profit % of Net Revenue

Labor Expenses

62004 - Bonuses

61002 - Capital Allocation of Labor

62003 - Health Benefits

61000 - Hourly Wages

62000 - Labor - Gratuity & Tips

61001 - Overtime Premium

62005 - Payroll Taxes

60000 - Salary Wages

60001 - Vacation Expense

Total - Labor

Total Labor Expense % of Net Revenue



Operating Expenses	Supplies	Banking Fees
Repair & Maintenance	71022 - Supplies - Arcade Tokens	72000 - Armored Carrier
70014 - R&M - Batting Cages	71012 - Supplies - Batting Cages	72001 - Bad Debts
70012 - R&M - Buccaneer Cove	71000 - Supplies - Cleaning & Janitorial	72003 - Bank Charges/CC Processing/ATM Fees
70500 - R&M - Buildings & Grounds	71001 - Supplies - First Aid	72006 - Cash (Over)/Short
70001 - R&M - Bumper Boats	71015 - Supplies - Fuel	72002 - Chargebacks
70502 - R&M - Equipment Rental	71013 - Supplies - Golf Courses	72005 - On Line Ticketing Fees
70002 - R&M - Game Parts	71020 - Supplies - Group/Birthday Equip Rentals	Total - Banking Fees
70003 - R&M - Golf Course	71008 - Supplies - In Park Signage	Human Resource Costs
70504 - R&M - In Park Vehicles	71002 - Supplies - Landscape	73002 - Background Checks/Drug Testing
70004 - R&M - Lasertag	71003 - Supplies - Lifejackets	73000 - Hiring Costs
70503 - R&M - Pools	71018 - Supplies - Locks & Keys	73004 - Meetings & Seminars
70005 - R&M - Rides	71005 - Supplies - Office	73006 - Relocation Costs
70006 - R&M - Slick	71017 - Supplies - Oil	73003 - Team Member Incentives/Awards
70015 - R&M - The Wall	71006 - Supplies - Other	73001 - Training - Management
70008 - R&M - Thunder Road/Sprint	71011 - Supplies - POS Maintenance	73005 - Uniforms
70501 - R&M - Tools & Equipment	71024 - Supplies - Playcards	Total - Human Resource Costs
70009 - R&M - Top Eliminator	71016 - Supplies - Propane	Outside Services
70013 - R&M - Track/Lil Thunder/Tiny Tots	71021 - Supplies - Redemption Tickets	75500 - Accounting Fees
70010 - R&M - Turbo	71014 - Supplies - Small Wares	75006 - Outside Services - ADP/Payroll Fees
70011 - R&M - Virage/GP	71010 - Supplies - Tickets/Maps/Wristbands	75003 - Outside Services - Alarm Fees
Total - Repair & Maintenance	71009 - Supplies - Tubes & Rafts	75000 - Outside Services - Entertainment
	71007 - Supplies - Water Maintenance	75004 - Outside Services - Janitorial
	Total - Supplies	75001 - Outside Services - Landscaping
		75007 - Outside Services - Mystery Shopper
		75008 - Outside Services - Other
		75002 - Outside Services - Security
		75005 - Outside Services - Temp Help
		Total - Outside Services

Travel	Marketing/Advertising	Insurance
760 - Travel	Media	62001 - Insurance - Premium Workers Comp
76002 - Auto	80003 - Barter Media	74001 - Insurance Premium General Liability
76001 - Meals & Entertainment	80006 - Billboard/Outdoor	74000 - Insurance Premium Property
76000 - Travel	80000 - Broadcast TV	74002 - Self Ins & Claims - General Liability
Total - Travel	80001 - Cable TV	62002 - Self Ins & Claims - Workers Comp
Utilities	80005 - Direct Mail	Total - Insurance
77000 - Utilities - Electricity	80007 - Online	% Net Revenue
77001 - Utilities - Gas	80004 - Print	
77002 - Utilities - Telephone	80002 - Radio	
77003 - Utilities - Trash	Total - Media	Park EBITDAR -EBITDA before rent
77004 - Utilities - Water		% Revenue
Total - Utilities	Non-Media	
Misc Operating Expenses	81004 - Agency Fees	Occupancy
78006 - ASCAP/BMI License Fees	81001 - Barter/Trade	87004 - CAM Charges
78000 - Contributions & Donations	81003 - Brochure Distribution	87003 - Lease Valuation Amortization
78001 - Dues & Subscriptions	81008 - Direct Mail Postage/Printing/Lists	87006 - Personal Property Tax Expense
78004 - Leased Equipment	81005 - Market Research Fees	87005 - Real Property Tax Expense
78007 - Leased Storage/Bleacher/Trailer	81007 - Other Non-Media	87000 - Rent
78008 - Licenses & Permits	81002 - Printing	87002 - Rent Normalization Expense
78009 - Licenses & Royalties	81000 - Production	87001 - Rental Income
78013 - Misc Expense	81006 - Special Events	Total - Occupancy
78005 - Music Fees	Total - Non-Media	% Net Revenue
78010 - Postage/Freight/Delivery		
78003 - Professional & Consulting Fees	Total Marketing/Advertising	
78011 - Service Maintenance Contracts	% Net Revenue	
78002 - State Safety Inspection Fees		
Total - Misc Operating Expenses		Park EBITDA
Total Operating Expenses	Park EBITDARI (EBITDA before Rent and Insurance)	% Net Revenue
	% Revenue	

EBITDA : Earnings before interest, taxes, depreciation and amortization:
These earnings, often referred to as EBITDA, combine operating income with income from investments.

EBITDA is useful in giving a view to profits before non-cash accounting calculations, such as depreciation and amortization, are deducted. However, EBITDA is not an official number under the Generally Accepted Accounting Principles (GAAP), so it can be manipulated to suit management's goals.

If your exit plan is to sell your park one day, a normal deal structure is based on a multiple of EBITDA. Without owning your land, a 2 to 4X / Owning land a 4-7X is the norm.



Make the connection to better food cost

As an industry, we are facing the continuous rise of commodities that adversely affect our businesses. Efficient use of these staples in our restaurants is essential in remaining competitive in the marketplace. This translates into food cost. We can't afford to waste the food we sell either in the inefficiencies of converting raw product into sales – or theft.

The “Usual Suspects”

When looking into high food cost, we usually investigate the usual suspects:

- Back door security
- Inventory control
- Proper documentation of “waste” (raw and completed)
- Portions and yields

We start with accessibility of the back door. If not controlled, and employees have unlimited access, product can easily be stolen during trash runs, breaks, or – whenever. Effective inventory control involves a systematic approach to counting inventory and ordering properly. Improper counts leads to under or over ordering negatively affecting sales, quality of the product, and inefficient use of inventory. Not documenting raw and completed waste properly misses the mark on effective inventory control. Improper portions and yields again negatively effect either sales if they are too small or profitability if they are too large.



The Connection

We know that controlling food cost is all about controlling the inventory. We know so much about it, and focus so much on it, we may fail to include the front end of the operation as an accomplice to poor food cost. Handling the sales transaction improperly will negatively effect food cost. Very often we fail to make the connection of poor food cost performance with poor cash management. A cashier or server rings a customer transaction and the food is prepared and served to the customer. It happens hundreds of times a day. The sale is rung and the food is delivered to the table, or to a car in the drive thru, or even to a home or place of work. If the customer received their food and that cash transaction is negated by a void, price reduction, deletion, no sale, refund, coupon, promotion, under ringing, or some kind of manager override – you lost money! Your inventory was negatively impacted (food cost), and, if done fraudulently, the cashier committed theft and you may never know it!

Cash Components

A cash shortage in the register usually triggers questions. It grabs our attention. Who was operating the register and what happened to cause the shortage? If the shortage is unusual, it may be a ringing error, a fraud perpetrated by a customer, or simply unexplained. However, if the cash components such as those mentioned above are not routinely audited, it may go unnoticed if any of those categories are significantly high. If a cashier is stealing by one of the methods above, it is easily hidden.

Dig, Drill Down, Explore, Investigate...

Run the reports on your POS system that allows you to assess cash handling. Cash handling includes performance of voids, no sales, average check, refunds, price reductions, etc. Know what acceptable limits are on those categories and investigate those that are abnormal. Look for patterns of abnormal activity, and then drill down by individual cashier. When you discover abnormal or even suspicious activity, incorporate progressive disciplinary measures to change the behavior. If theft is occurring, you will quickly know.

The connection of cash management contributions to poor food cost will be made and interrupted with sound auditing and disciplinary procedures. When future issues crop up with high food cost, you will know to place another “suspect” in the lineup.



Do you know your ABCs of couponing?

I had a few Park owners stop by recently to talk about new marketing ideas and the subject of couponing came up. There was a rather long, and interesting, debate between them regarding expirations dates.

I sat quietly and listened as they discussed the pros and cons about accepting coupons that have passed their expiration dates.

What you need to know is that these operators are seasoned veterans in the park world, and the fact that there was even a big debate about couponing startled me. I just assumed that they know their ABCs when it came to couponing, but I guess we all know what happens when you assume.



The ABCs of couponing starts with the question:

"Why Do We Coupon At All?"

According to "Business-know how" it's "Because coupons pull in the business;" they have gained remarkable acceptance and popularity among astute marketing managers.

A simple explanation for their acceptance by advertisers, is their overwhelming acceptance and use by the consuming public.

In fact, Advertising Age (the Bible of the advertising industry) reported in 2011 that 87 percent of all shoppers use coupons.

In 2013, more than 66 million digital coupons were redeemed, according to advertising industry estimates – a 141 percent increase over 2012.

Shopper behavior continues to change and offer expectations continue to increase. More than ever, effectively delivering value into the marketplace requires the careful and consistent application of consumer centric analytics.



Do you know your ABCs of couponing?

A is for Amazing. Eighty seven percent is a big number, and I'd be willing to bet that a healthy percentage of that number represents entertainment and pizza coupons. Asa Candler, co-owner of Coca-Cola, came up this idea in 1887, and I bet he had no clue the impact his little marketing scheme would have on the world. In 2013, industry-wide coupon distribution volume (including digital) increased 3.6% to 329 billion coupons. The value of all coupons distributed was roughly \$513 billion, an increase of \$15 billion (+3.0%) over the previous year. On average, every person in the United States was offered \$1,617 in coupon savings; however, consumers only took advantage of \$3.7 billion of these savings or \$11.60 per person.

B is for Bargain. People love a good bargain. Bargain shopping has actually become an almost cult-like obsession for millions of people with about 291 million websites devoted exclusively to finding and using coupons. This obsessive trend has helped turn the entertainment and pizza business into the deep discount paradox that it is today. It's an unfortunate truth that while many of our Parks depend on coupons to help us survive, our attempt to out coupon each other is hurting the entertainment and restaurant industry.

With our supply costs and labor costs being so high, we all feel the deep discount pain, and in trying to fight it, we may just coupon ourselves out of business. Don't try; deep-discounting means lowering your quality to match a coupon, and it's just not worth it.

Instead try creating really good "bundled" offers that won't kill your Pricing Matrix or Food Cost, but will bring in customers. Keeping food costs in mind, combine a few items to create a package deal. For example: A Weekday Value Deal might include one 16-inch Thin Crust Cheese Pizza, 4 rounds of golf for \$29.99 –the pizza is the only hard cost, but the offer has a high perceived value and a low cost of goods sold. Don't include drinks, as you want the high profit margin for drinks you hope they will buy on top of the offer.



Do you know your ABCs of couponing?

C is for Customer Service. To quote Ed Zimmerman, President of The Food Connector, there are only two rules in customer service: "Rule No. 1: The customer is always right. Rule No. 2: If the customer is wrong, see rule No. 1."

This finally brings us to the subject of those pesky expiration dates. The thought is that expiration dates are there to give your customers a sense of urgency, considering that it's projected 92.5+ million adult Internet users will use online coupons in 2015, it's a good thought, but again use caution. Within the last couple of years, two coupon giants, Groupon and Living Social, have had lawsuits leveled against them because of expiration dates. Typically, if you pre-sell something, you must always honor the value without expiration.

What commonly happens in our industry is we run the risk of turning our frequent customers into monthly customers by making them wait for their coupon or online deal to arrive before coming in again.

Using the phrase "Limited Time Offer" may work better. It gives you more leeway; so if your offer is doing well, you can extend it without having to pay to send it again, and you can end it at any time.

For a more compelling reason, think about this; even in this improving economy most people don't just want to save a buck, they are expecting a discount being available when they walk in . They will attempt to buy online while in your POS line and expect you to honor any offer there - even though they didn't know about it previously. Do your customers a favor; don't make them ask. If they bring you an expired coupon, or present an online only offer just take it with a smile and thank them. They will remember, they'll come back and you'll both be happy.

